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WORLD COTTON TRADE REGAINS HALF OF WARTIME LOSSES

World export trade in cotton for the year ended July 31, 1946, is estimated at 9,038,000 bales of 500 pounds each. This total is roughly 4,000,000 bales above the average of 5,072,000 bales for the five previous wartime years but short of the prewar average of approximately 13,000,000 bales by about an equal amount. A larger-than-usual proportion was supplied by Western Hemisphere countries, especially those in Latin America. Shipments from the United States were 3,678,000 bales (3,531,000 running bales), or about 41 percent of the total. Of the world total, about 750,000 bales were relief shipments taken by UNRRA.

In contrast, India's exports were held to a modest fraction of the usual prewar volume by another short crop combined with a continued high rate of domestic consumption, and Egypt was hampered by obstacles to the reestablishment of its extensive prewar trade with continental Europe. The Soviet Union, which in prewar years had only occasionally entered the world market as an exporter, appeared as an important supplier in eastern Europe, and furnished a small quantity to the United Kingdom.

Several exporting countries depleted their accumulated stocks so severely that embargoes on further exports were imposed for the protection of their own textile industries.

On the other hand, in many importing countries, the quantities of cotton received were well in excess of mill requirements and substantial stocks were accumulated as a result.

Exporting Countries

North America: Exports of 3,678,000 bales from the United States were the highest since 1939-40. Relief shipments purchased by UNRRA comprised 692,000 bales, or 18.8 percent of the total. France accounted for 793,000 bales, China 719,000, Italy 515,000, Japan 365,000, Canada 321,000, the United Kingdom 296,000, Spain 161,000, and Poland 104,000. Most of the remainder was exported to Yugoslavia, Belgium, Czechoslovakia, the Netherlands, Greece, and Switzerland, in order of importance. Included in the United States total were about 852,000 bales of cotton committed under the Lend-Lease Act before its termination and shipped during 1945-46.

This is one of a series of regularly scheduled reports on world agricultural prospects approved by the Office of Foreign Agricultural Relations Committee on Foreign Crops and Livestock Statistics. For this report the Committee was composed of C.M. Purves, Acting Chairman, A.W. Palmer, P.K. Norris, C.H. Barber, C.E. Whipple and D.M. Crawford.

COTTON: World Exports by Countries
(In terms of 500-pound gross weight bales)

C o u n t r y	Year beginning August 1						
	1939	1940	1941	1942	1943	1944	1945
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Brazil	981	1,333	856	452	533	462	1,471
Peru	309	318	217	140	153	157	440
Mexico	26	36	25	26	31	125	263
Argentina	121	138	a/	15	47	43	116
Paraguay	b/ 26	b/ 18	b/ 23	b/ 26	b/ 26	(68)	(40)
Haiti c/	14	12	10	9	21	5	20
British West Indies b/	5	5	7	5	3	5	5
Nicaragua b/	5	5	3	7	5	1	(1)
India	2,188	1,714	841	134	277	317	820
China	(240)	(150)	220	325	74	(50)	0
Iran d/	97	91	22	0	a/	a/	0
Turkey	26	(50)	(50)	(50)	36	0	0
Iraq b/	11	10	21	6	13	0	0
Egypt	1,639	709	1,107	384	794	804	860
Anglo-Egyptian Sudan b/	147	265	e/211	b/234	b/185	b/286	b/341
Uganda and Kenya b/	283	262	315	205	108	163	226
Tanganyika b/	55	50	55	35	32	28	(35)
Nyasaland b/	5	6	3	8	5	(4)	(7)
Belgian Congo b/	164	82	118	149	191	138	171
French Equatorial Africa b/	39	39	73	77	42	77	83
French West Africa b/	15	7	13	18	a/	22	22
Nigeria b/	21	44	48	87	34	20	5
Mozambique b/	30	24	31	66	71	110	(100)
Angola b/	24	16	20	24	12	26	(20)
Others (partly estimated)	261	198	107	154	153	89	314
Total foreign countries	6,737	5,582	4,406	2,636	2,846	3,000	5,360
United States	6,501	1,174	1,162	1,498	1,146	1,909	3,678
World Total	13,238	6,756	5,568	4,134	3,992	4,909	9,038

Compiled largely from official and trade sources.

The figures in parentheses are estimates by the Office of Foreign Agricultural Relations.

a/ Less than 500 bales.

b/ Calendar year.

c/ Year beginning October 1.

d/ Year beginning March 21.

e/ August-December 1941. Calendar year total 388,000 bales.

Exports of 263,000 bales from Mexico exceeded by 63,000 the previous record export total in 1935-36. The entire amount appears on Mexico's trade records as exports to the United States but the cotton actually entered this country in bond.

(except the 17,000 bales permitted by import quota) and was re-exported, mostly to China. Approximately 35,000 bales were exported to Canada and 13,000 to 15,000 to Spain, as indicated by import and distribution records in those countries.

This cotton accumulated during the war years when export demand was limited and the Mexican Government purchased large quantities at support prices above the market level. Stocks were so reduced by July 1946 through heavy export sales that no export permits were being granted except for cotton of Low Middling or below and only from the 1946 crop.

South America: Exports of 1,471,000 bales from Brazil in 1945-46 were the second largest on record, exceeded only by the total of 1,609,000 bales exported in 1938-39.

In 1945-46, exports of 521,000 bales to the United Kingdom, which represented 35 percent of the total, were comprised almost entirely of cotton purchased by the British Government during war years at prices considerably below those prevailing in 1946. Another factor partly responsible for the heavy export movement in 1945-46 was the consignment of 265,000 bales to China soon after hostilities ceased in the Far East. Other Brazilian exports were 201,000 bales to Italy, 146,000 to Spain, and 213,000 to Belgium, Sweden, Switzerland, and the Netherlands.

Exports of 440,000 bales from Peru in 1945-46 were the highest on record. Shipments to the United Kingdom, largely from stocks purchased by the British Government during the war period, totaled 135,000 bales, or about 31 percent of the total. Other important destinations were: Switzerland 43,000 bales, India 34,000, Chile 33,000, Colombia 29,000, Belgium 21,000, and France 17,000.

A decree, effective July 1, required exporters in Peru to sell to domestic cotton mills a quota of the types of cotton used by those mills equal to 20 percent or more of the quantities for which export permits were requested. The price fixed for these sales was 115 soles per Spanish quintal (17.45 cents per pound), while regular market prices averaged around 160 soles (24.27 cents). On July 16, the decree was suspended pending reconsideration.

Argentine exports of 116,000 bales in 1945-46 were more than double the wartime level but considerably less than the prewar average. About 55 percent of the total was destined for the United Kingdom. An additional 26 percent was divided nearly equally among Chile, Italy, and Switzerland. Consumption of cotton in Argentina increased greatly during the war and has fallen short of the lately increased domestic requirements. The issuance of cotton export permits was discontinued in July 1946 until further notice.

Asia: Exports of 820,000 bales from India were the largest since 1941-42 but were only 25 to 30 percent of the prewar volume. Production has not equalled mill consumption during the past 2 years, and a sharp decline in stocks has resulted. In April 1946 the Government banned the

further exportation of cotton of 13/16 inch staple and longer, except that sold prior to April 12. In May, all cotton exports were banned until September 1, except that sold prior to May 11. An export quota of 200,000 Indian bales (167,000 bales of 478 pounds) apportioned by countries, was established on September 1 for the 4 months following and may be renewed or adjusted at intervals. Exports of cotton longer than 11/16 inch are prohibited.

Stocks of old-crop cotton in India still exceed 2.5 million bales, but most of it is composed of very short staple and low grades. The 1946 crop is not expected to equal local requirements for Indian cotton, a factor that will reduce further the surplus available for export.

Ceiling prices as well as floor prices for Indian cotton were instituted by the Government on November 20, 1943, and with minor adjustments are still in effect. This has tended to keep prices of Indian cotton low in relation to those of other growths and export limitations were designed to prevent excessive exports to the detriment of the country's own consumers.

The 1945-46 export total of 820,000 bales included 277,000 bales to China and Hongkong, 226,000 to the United States, 114,000 to the United Kingdom, 54,000 to Spain, 41,000 to Belgium, and 32,000 to France. India has been allotted a quota of 300,000 Indian bales (251,000 bales of 500 pound gross) in Japanese imports, but it is not yet certain that in the current year the Government will avail itself of this allocation.

China and Iran had insufficient cotton to cover their own requirements in the past year, and Turkey saw fit to conserve its supplies by an embargo on exports. These three countries, therefore, had no exports in 1945-46.

Africa: Exports of 860,000 bales from Egypt in 1945-46 showed a slight gain over the two previous years but were less than half of the usual pre-war volume. The total included 292,000 bales to the United Kingdom, 139,000 to France, 133,000 to Italy, 117,000 to India, 58,000 to the United States, and 32,000 to Switzerland. Egypt's trade was not limited by depleted stocks as was the case in some other countries but has been held in check by the depressed state of demand for fine goods in continental Europe and Japan, areas which formerly were large users of this cotton.

Of a total of 341,000 bales exported from the Anglo-Egyptian Sudan, 221,000 bales went to the United Kingdom and 118,000 to India. The British Government still buys the minimum of 56,000 bales of East African cotton each year at fixed prices under a wartime agreement, and the Indian Government buys the remainder.

Nearly two-thirds of the Belgian Congo total of 171,000 bales for 1945 was exported in the first instance to Belgium and about one-third to the United Kingdom; there has been some redistribution from both countries. Exports from French Equatorial Africa and French West Africa, amounting in all to about 100,000 bales, are now taken almost entirely by metropolitan France, and Portugal was the sole importer of the cotton of Mozambique and Angola.

Europe: Export data of the Soviet Union are not available, but incomplete reports from occupied countries in eastern Europe indicate that approximately 250,000 bales of Russian cotton were exported to Hungary, Rumania, Poland, Germany, Czechoslovakia, Austria, and possibly Denmark. Most of it was shipped under arrangements whereby a part of it would be returned as manufactured goods and the remainder retained as payment for processing the portion returned.

Importing Countries

Europe: Imports into the United Kingdom during the year ended July 31 amounted to 1,892,000 bales, or more than 300,000 bales larger than estimated consumption in 1945-46. Imports have exceeded consumption by 250,000 to 335,000 bales for three consecutive years, resulting in an accumulated stock of cotton estimated on July 31 at about 2 million bales. This is equal to about 15 months' mill requirements at the present rate of consumption. To a large extent imports in 1945-46 were drawn from stocks acquired during the war in producing countries.

Principal sources were: Brazil 523,000 bales, Egypt 325,000, the United States 293,000, Anglo-Egyptian Sudan 194,000, India 140,000, Peru 115,000, British Africa 97,000, the Belgian Congo 90,000 and the Soviet Union 23,000.

Imports into France during 1945-46, as indicated by export data for other countries, amounted to more than 1 million bales, 800,000 of which were imported from the United States, partly under earlier Lend-Lease commitment and later through inter-Government loan. The remainder was received from Egypt, French African Colonies, India, and Peru. A considerable stock increase resulted as mill consumption amounted to only about 750,000 bales in 1945-46.

Information regarding imports into Germany indicates that about 45,000 bales were provided earlier this year by the military authorities for the United States Zone of Occupation. A program inaugurated on July 2, 1946, for the United States Zone contemplates the supply of 220,000 bales, 154,000 of which were to be shipped before the end of this year. At least 56,000 bales (500 pound equivalents) of Egyptian cotton arrived in the British Zone before the middle of August 1946. No import data are available for the Russian and French Zones, but both Zones are evidently receiving supplies of raw cotton.

Import statistics for Italy have been secured only through March 1946 showing imports of 342,000 bales, 215,000 of which were obtained through Government negotiations (mostly American cotton) and 127,000 through commercial channels. The latter figure was composed of 67,000 bales from Brazil, 35,000 from the United States, 23,000 from Egypt, and 1,500 from Peru. Imports are known to have been heavy after March 1946, as indicated by export statistics for the United States, Brazil, and Egypt.

Imports of about 300,000 bales into Belgium in 1945-46 were nearly equal to the prewar level and only 15,000 to 20,000 bales more than the quantity consumed by mills in 1945-46. Incomplete import data indicate that around 100,000 bales were obtained from the Belgian Congo, nearly 100,000 from the United States, at least 25,000 from India, and 38,000 from stocks in the United Kingdom. Mill activity is nearing the prewar level and still rising slowly. Stocks on hand at the end of July were sufficient for only 3 months' mill requirements.

Asia: Imports of about 1.1 million bales into China in 1945-46 were nearly four times the quantity of foreign-grown cotton consumed during that period, leaving stocks on hand at the end of July 1946 sufficient for nearly 1 year's requirements even at the rapidly increasing rate of mill activity expected this year. About 285,000 bales of the cotton that arrived in 1945-46 were shipments from UNRRA stocks in the United States. An additional 400,000 bales were American cotton, imported through regular commercial channels. The remainder was made up of imports of 265,000 bales from Brazil, over 100,000 from Mexico, and a total of nearly 100,000 from India, Paraguay, and Argentina.

Further arrivals already scheduled for 1946-47 include 275,000 bales from UNRRA stocks of American cotton and about 70,000 bales (mostly American) from various commercial sources. Cotton on hand and scheduled for arrival in 1946-47 is sufficient for estimated mill requirements through September or October 1947.

The program for supply of cotton to Japan formulated last February provides for 890,000 bales to be furnished by the United States Commodity Credit Corporation. This cotton was scheduled for shipment prior to December 31, 1946, and 365,000 were shipped before the end of July. The 890,000 bales are expected to keep the Japanese mills operating until about the middle of May 1947. A quota of about 250,000 bales of Japanese imports has been granted to India, but reports from India indicate that the Government may not attempt to fill its quota this year because of a shortage of cotton in the country.

North America: Imports of 342,000 bales into the United States were the highest since 1929-30. The principal sources were India 230,000 bales, Egypt 69,000, Peru 28,000, and Mexico 13,000. Most of the Indian cotton was entered as less than 3/4 inch in staple length and thus was not subject to United States import quota restrictions.



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X WORLD COTTON CROP SMALL FOR SECOND SUCCESSIVE YEAR

World cotton production in 1946-47 is tentatively estimated at 22,050,000 bales (of 500 pounds gross), compared with a prewar (1935-36/1939-40) average of 30,875,000 bales. For 1945-46, the revised estimate is 20,440,000 bales. With the exception of 1945-46, this is the smallest crop since 1923-24. Most of the prospective increase of 1,610,000 bales over last year's is in the Soviet Union, India, Egypt, and Southern Hemisphere countries.

A calculated increase of 1,901,000 bales in foreign production is partly offset by a decrease of 291,000 bales in the United States crop. No official estimates are yet available for the Southern Hemisphere crop, which is now only in the early stages of growth, and estimates for the Northern Hemisphere are still all preliminary. The downward revision in the world estimate for 1945-46 since the report of May 27, 1946, is due almost entirely to subsequent information from Brazil and the Soviet Union.

The world cotton area is believed to have increased in 1946-47 by nearly 2.8 million acres over 1945-46 to a total of 58,400,000 acres. This acreage increase, however, was more evenly distributed than the production increase, with 535,000 acres in the United States, 239,000 in Egypt, and 2 million indicated in early reports from the Southern Hemisphere (principally Brazil and East Africa) and India, none of which has reported the acreage actually planted for the 1946-47 crops. Higher prices for cotton and some easing of the world food situation this year are believed to be the principal factors stimulating increased cotton cultivation although increases were limited in India, Egypt, and Peru, where acreage restrictions though moderated, are still in effect.

Cotton acreage in the United States this year was increased by 535,000 acres, or 3.1 percent above the 17,241,000 acres (harvested) in 1945, despite unfavorable weather conditions at planting time—excessive rain and cool weather in the central belt and parts of Texas and Oklahoma. Extreme drought throughout the planting period in northwest Texas was a detriment in that area. The 18,316,000 acres planted in 1946 were considerably less than the official goal of 20.2 million acres announced for the 1946 crop.

Average U.S. yield in 1946 was estimated at 235.6 pounds per acre harvested, compared with 251 pounds in 1945 and a 1935-44 average of 243.2 pounds. Low yield in 1946 is attributed largely to the unfavorable weather. Drought conditions in some areas in September, caused early opening and some reduction in the top crop.

Cotton acreage and production in India have not been reported officially for 1946 but private sources indicate that favorable weather conditions in most

COTTON: World acreage and production by continents and countries,
average 1935-39 and annual 1943-46.

Continent and country	Acreage					Production a/				
	Year beginning August 1					Year beginning August 1				
	Average 1935-39	1943	1944	1945b/	1946b/	Average 1935-39	1943	1944	1945b/	1946b/
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
North America:										
United States	27,788	21,652	20,009	17,241	17,776	13,149	11,427	12,230	9,015	8,724
Mexico	725	1,010	1,046	890	828	334	515	520	428	453
Haiti	-	16	-	62	62	22	13	11	11	14
British West Indies	20	-	16	-	-	5	3	4	4	-
Puerto Rico	2	10	-	-	-	1	2	2	1	-
Salvador	6	33	31	24	28	4	19	15	10	13
Nicaragua	9	4	4	5	1	5	3	3	4	1
Guatemala	-	-	7	-	-	2	-	4	3	3
Estimated total d/	28,706	22,822	21,188	18,252	18,725	13,522	11,984	12,788	9,476	9,213
South America:										
Brazil	5,562	6,200	6,000	5,000	6,000	1,956	2,700	1,626	1,425	-
Argentina	770	913	887	822	-	289	553	332	307	-
Peru e/	428	326	326	-	-	384	310	325	329	-
Paraguay	111	104	119	124	160	40	72	40	44	59
Colombia	9/ 98	124	-	-	-	23	26	30	-	-
Venezuela	5/ 50	69	58	-	-	11	10	16	18	-
Ecuador	4/ 40	39	-	-	-	13	8	7	7	9
Estimated total d/	7,061	7,777	7,532	6,513	7,650	2,716	3,685	2,376	2,160	3,000
Asia and Australia:										
Soviet Union	5,087	-	2,865	2,995	3,200	3,430	-	-	1,700	2,200
India f/	24,204	21,086	14,843	14,600	15,000	4,643	4,401	2,927	2,900	3,100
Burma	428	387	-	260	-	97	90	85	32	-
China, including Manchuria	7,038	-	5,600	5,600	5,600	2,855	1,500	1,600	1,600	1,625
Korea	564	776	752	705	-	180	205	228	163	140
Turkey	667	678	720	572	564	275	325	231	166	184
Iran	442	297	290	247	198	59	42	69	92	69
Afghanistan	-	-	-	-	-	5/ 49	20	-	20	-
Syria and Lebanon	93	35	40	43	-	31	16	13	20	-
Iraq	53	28	18	25	25	11	3	2	2	3
French Indochina	36	-	-	-	-	6	8	-	-	-
Netherlands Indies	27	-	-	-	-	9	7	11	-	-
Siam	16	-	-	-	-	7	-	-	17	-
Australia	53	16	7	8	-	11	6	1	2	-
Estimated total d/	38,931	32,058	25,792	25,322	25,790	11,670	8,143	7,020	6,741	7,443

areas may result in a small increase above the 1945-46 figures, or approximately 3,100,000 bales from about 15 million acres. This is 200,000 to 250,000 bales less than domestic mill requirements for Indian cotton in 1946-47. For three consecutive years, production has fallen short (by 200,000 to 500,000 bales) of consumption in India.

Government efforts to divert cotton land to food crops during the past 3 years have mostly taken the form of low price ceilings for cotton, favorable support prices for food commodities, special taxation of cotton land, and priorities for transportation of food commodities. An ordinance of October 26, 1946, raised floor prices by 80 rupees per candy (3.08 cents per pound) for Jarila fine 3/4 inch staple and pro rata for other types. Ceiling prices were not changed.

The 1946 crop in Egypt, equivalent to 1,242,000 bales (first estimate), represents an increase of 160,000 bales above the 1945 estimate and 500,000 bales above the low point reached in 1943. Cotton acreage restrictions, first imposed in 1941 in order to increase food production for war needs, were intensified in 1942 and 1943 but were gradually moderated in subsequent years. The increase of 239,000 acres reported for 1946 was considerably more than the 67,000 additional acres authorized this year by partial relaxation of Government acreage restrictions. The area planted to the Karnak variety was increased from 606,000 acres in 1945 to 849,000 in 1946, despite Government efforts to encourage a shift to shorter staple varieties in view of the heavy stocks of Karnak on hand.

In the Anglo-Egyptian Sudan the area planted to cotton in 1946-47 is reported to be about equal to the 321,000 acres planted in 1945-46, despite a late start following settlement of a strike on the part of workers in the Bezira area. Favorable weather conditions reported in most of East Africa this year should result in a crop somewhat larger than the 206,000 bales reported for 1945-46 when yields were below average.

The 1.3 million acres planted to cotton in Uganda in 1946-47 represent an increase of about 150,000 acres over the 1945-46 figure. Rain was excessive in many areas during August (end of planting period) and Blackarm disease appeared on a small scale, but the outlook for yield was considered generally favorable as of the middle of September. Increased acreage and anticipated improvement in yield per acre above that of a year ago, when drought prevailed, may result in a production increase of 40,000 to 50,000 bales above the 1945-46 estimate of 212,000 bales.

In the Soviet Union a cotton-production goal, equivalent to about 2,450,000 bales from 3,200,000 acres was announced by the Government in the spring of 1946, compared with an official estimate of 1,900,000 bales from 2,995,000 acres for 1945 published on May 1, 1946. Recent reports indicate that production is considerably higher than that of a year ago and may equal the goal announced. Since Soviet official

calculations make use of so-called "biological" yields, a deduction of roughly 10 percent from total theoretical production has been made from the above figures in order to approximate the actual outturn of the crop at the gins.

The 1946 cotton crop in China is reported to be slightly larger than the revised estimate of 1.6 million bales for 1945. Improvement in China's cotton production since the end of the war has been slow because of unsettled political conditions, urgent need for food production, lack of seed and tools, and disorganization of transportation. A larger proportion of the domestic cotton crop, however, is expected to reach Shanghai and other mill centers this year, possibly 500,000 to 800,000 bales.

Reports from Korea indicated that production in 1946 was not expected to equal the 1945 crop estimated at 163,000 bales. This is insufficient to meet the normal requirements of mills (75,000 bales in 1944) and the important home industry that usually consumes 80,000 to 120,000 bales annually. The deficiency will be partly offset by considerable stocks on hand from previous crops while the fact that mills are operating below prewar levels is tending to hold consumption in check.

The 1946 crop in Turkey, estimated at 184,000 bales, is slightly larger than last year's crop but considerably less than the prewar average of 275,000 bales. Drought in 1945 and a diversion to food crops in both years were the principal causes for the smaller crops. The 1946 crop is barely sufficient for local requirements (mills and home industries) and exportation of cotton is still prohibited by law.

Production of 69,000 bales in Iran this year did not equal domestic requirements and is considerably less than the 92,000 bales produced in 1945. Cotton production was discouraged by the Government during the war to permit increased production of food commodities.

Production in European countries, estimated at a total of 114,000 bales in 1946 was 56 percent above the 1945 estimate but only about two-thirds of the peak years, 1937 to 1940. Increases in 1946 were confined almost entirely to Greece where half the crop is irrigated and to Spain where the Government is exerting every effort to increase production of cotton. Drought in Bulgaria was reported to be as severe as in 1945 and in Rumania, much more severe. Cotton production in Italy is not expected to make appreciable gains above the present low level unless the Government returns to its prewar policy of assisting growers.

The estimate of 1945-46 crop in Brazil, which has been revised downward since the last report on world production, is now placed at 1,425,000 bales, the smallest since 1934-35. The south Brazil crop (normally 75 to 80 percent of the total) is indicated at only 950,000 bales for 1945-46, the smallest in 10 years, compared with 1,146,000 for 1944-45 and 2,235,000 for 1943-44, the record crop. The sharp decline in south Brazil in 1945-46 was attributed mainly to mild drought at planting time, excessive rain during a considerable part of the

picking season, and some shift from the cultivation of cotton to higher-priced food crops. An increase of 20 to 25 percent in acreage for the 1946-47 crop now being planted is expected.

It is too early to estimate the south Brazil crop, but such an increase in acreage with a normal yield would result in a crop of nearly 1.7 million bales in 1946-47. Since production in northeast Brazil does not vary greatly from year to year the total for Brazil may be tentatively placed at about 2,100,000 bales. The 1946-47 crop in northeast Brazil is expected to be about equal to the 1945-46 estimate of 478,000 bales.

Production in Argentina in 1945-46 was handicapped by unfavorable weather--early drought and excessive late rains, and heavy insect damage. The 1945-46 estimate of 307,000 bales was the lowest since 1940-41 and followed a small crop in 1944-45. Information regarding the 1946-47 crop now in early stages of growth is not available except for reports of drought in some areas at planting time and press reports of a large invasion of locusts in northern Provinces, the Argentine cotton belt.

The 1945-46 crop in Peru, estimated at 329,000 bales, was subject to the 20-percent acreage restriction decreed by law for the 1943 and subsequent crops under the terms of the United States-Peruvian Cotton Purchase Agreement concluded about the middle of 1942. The restriction was extended to the 1945-46 crop. No information is available regarding the possible abandonment of acreage restrictions for the 1946-47 crop now being planted.

Production in Paraguay under normal conditions is expected to reach about 59,000 bales in 1946-47 from an estimated planted area of 160,000 acres, compared with 44,000 bales from 124,000 acres in 1945-46. The Government maintained relatively high support prices and purchased nearly all the cotton produced during the war years, but marketing of the 1945-46 crop was returned to commercial agencies.

Mexico's 1946 crop of 453,000 bales is somewhat larger than was expected earlier and about 25,000 bales more than the 1945 crop. Higher prices for food crops, restrictions on credit for cotton growers, and a small reduction in Government-support prices were the principal factors in a decline in acreage below the level of recent years. A sharp reduction in the Laguna district (usually the largest producing area) was more than offset by increases in the Matamoros and Mexicali districts.

Depletion of stocks by record exports in 1945-46 caused the Government to limit export licenses since about July 5, 1946, to cotton of Low Middling or below from the 1946 crop.

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WORLD COTTON STOCKS REDUCED TO 1939 LEVEL

World cotton stocks on hand July 31, 1946, are estimated at 23.7 million bales (of 478 pounds), compared with last year's record of 28.1 million bales. The estimated 1946 stocks are approximately equal to those of 1939. The figures disclose the first sharp decline in world stocks since 1937 when a record world crop of 38.6 million bales raised stocks by 9 million bales to the plateau on which they have since remained. With consumption at current rates and the small 1946-47 world crop, however, a further substantial reduction of stocks in the present season is in progress.

A significant feature of the 1946 situation is the drop of 6.9 million bales in the stocks in surplus countries, partly offset by a rise of about 2.3 million in the importing countries.

The decrease in world stocks this year reflects a rise in world consumption by about 2.2 million bales in 1945-46, as well as a decline in production of 3.8 million bales. The decline in stocks in producing countries was most notable in the United States although all the major producing countries except China reported appreciable declines. The heaviest accumulations of stocks during the year were in the United Kingdom, France, China, Italy, and Switzerland.

Stocks in minor producing countries showed no appreciable increase during the war years. Stocks in minor importing countries, mostly in Europe, were nearly all exhausted by July 31, 1942, except in Portugal and Chile where imports were maintained at a near-normal rate.

These stock figures are intended to show total world stocks on July 31 and are not to be confused with estimates of carry-over at the end of the crop seasons in the various countries. The figures for the Northern Hemisphere are essentially season-end stocks; those for Southern Hemisphere countries in most cases are calculations for July 31, based on carry-over estimates as of March 1 with allowance for the new crop and deductions of 5 months' exports and consumption.

Surplus Countries

The carry-over of 7,522,000 bales in the United States on July 31, 1946, represents a reduction of 32.6 percent from the 1945 figure and 42.3 percent from the peak carry-over of 13,033,000 bales in 1939. The small volume of export trade during the war years was offset by a high level of mill consumption. With average production slightly reduced during 1939-45 below the prewar level, the carry-over varied between 10.6 and 12.2 million bales, or somewhat below the 1939 figure. The sharp reduction in 1946 is attributed to the unusually small 1945 crop as well as a continued high rate of mill consumption and a considerable gain in export trade above the low volume reported for the war years.

COTTON: Estimated world stocks by principal countries,
July 31, 1946, with comparisons.
(In bales of 478 pounds net)

Countries	Stocks on hand July 31				
	1939	1943	1944	1945	1946
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Surplus countries:					
United States <u>a/</u>	13,033	10,657	10,744	11,164	7,522
India	2,000	4,300	4,800	4,500	3,000
Egypt	325	2,114	1,882	1,827	1,793
Brazil	661	2,600	3,850	4,100	3,200
Argentina <u>b/</u>	243	542	721	650	470
Mexico	150	246	366	382	166
Peru	(200)	236	305	410	238
Paraguay	(15)	(20)	51	20	(20)
Colombia	5	80	75	(75)	(70)
Haiti	(5)	14	9	13	3
Anglo-Egyptian Sudan . .	107	225	187	134	79
Belgian Congo	(150)	185	192	200	195
British East Africa . . .	(100)	(150)	38	113	(75)
French Equatorial Africa	(25)	110	122	132	(75)
French West Africa . . .	(10)	37	35	10	10
Iran	(15)	46	38	67	60
Others <u>c/</u>	(696)	(688)	(885)	(903)	(824)
Estimated total	17,740	22,250	24,300	24,700	17,800
Deficit countries:					
United Kingdom	1,045	1,223	1,553	1,755	1,947
France	(700)	(5)	7	395	922
Italy	(350)	(5)	7	113	391
Belgium	200	0	0	125	95
Netherlands	(80)	0	0	15	46
Spain	(25)	66	38	75	59
Switzerland	(100)	(5)	2	16	127
Japan	556	(350)	(300)	(150)	180
China	1,100	(250)	(150)	(150)	1,000
Canada	56	121	133	66	85
Australia	(20)	(35)	(25)	56	59
Cuba	(10)	14	13	21	11
Others <u>d/</u>	(968)	(176)	(112)	(163)	(478)
Estimated total	5,210	2,250	2,340	3,100	5,400
Afloat <u>e/</u>	550	200	160	300	500
Estimated world total . .	23,500	24,700	26,800	28,100	23,700

Office of Foreign Agricultural Relations. Compiled from official sources and foreign service reports or estimated on the basis of other available information. Figures in parentheses are estimates based on fragmentary data.

a/ Running bales.

b/ Entire series revised to include unginned cotton on hand at end of July.

c/ Mostly Soviet Union.

d/ Includes European countries not listed above, Chile, Bolivia, and Uruguay.

e/ Approximately half of world export totals for July.

Most of the stocks in possession of the Government at the end of July 1946, estimated at more than 700,000 bales, were already allocated against the various export programs.

Brazil's cotton stocks were reduced to about 3.2 million bales by July 31, 1946, as a result of an abnormally small crop in 1945-46 and a near-record export total of 1,471,000 bales. (The season in South Brazil, where 75 to 80 percent of the crop is produced, begins March 1.) Stocks in possession of the Brazilian Government on July 31, 1946, were estimated at 600,000 bales and the British Government owned about 325,000 bales, all located in the State of Sao Paulo.

Estimates of stocks in India made by various Indian organizations vary considerably, but the best indications are that around 3 million bales of all kinds of cotton were on hand July 31, 1946, compared with about 4.5 million a year earlier and a peak of 4.8 million in 1944. Most of the free stocks on hand this year are comprised of low grade cotton of 3/4 inch staple or less.

The reduction in stocks since 1944 is attributed to reduced production in 1944 and 1945, and a high level of consumption maintained throughout the war period.

Stocks of cotton in Egypt, estimated at 1,793,000^{1/} equivalent bales (of 478 pounds) on July 31, 1946, were only 34,000 bales below the 1945 estimate. Failure to make an appreciable reduction in stocks during 1945-46 is attributed to a 12.5-percent rise in production that nearly offset the very moderate increase in exports and consumption. About 770,000 bales, or roughly 43 percent of the 1946 stock, was in the possession of the Government as a result of support prices offered during the latter war years. The 1946 figure includes 857,000 bales of Karnak (extra long staple), 178,000 of Giza 7, and 574,000 of Ashmouni and Zagora.

Stocks in other parts of Africa--the Anglo-Egyptian Sudan, British East Africa, Belgian Congo, Portuguese Colonies--and French Colonies, totaled about 500,000 bales at the end of July 1946, or 150,000 less than at the same time a year ago. These stocks do not represent carry-over as the cotton crops in nearly all of these areas are picked during December to July, and approximately half of the cotton is usually still in the producing areas, either in gins or at ports awaiting shipment abroad. Variations in stocks on July 31 are directly related to changes in production from year to year, except during the war years when exports were delayed by shipping difficulties.

Practically all of the cotton produced in these areas is normally exported as soon as it is ginned and shipment can be arranged, leaving little cotton on hand when the new season begins.

Cotton stocks in Argentina increased steadily during the early war years to a high point of 721,000 bales at the end of July 1944 (the season ^{1/} Official carry-over as of August 31 plus exports and estimated consumption in August.

begins March 1), then declined to 650,000 bales a year later and 470,000 bales on July 31, 1946. The decline during the past 2 years is attributed mostly to small crops in both years and a sharp rise in exports in 1945-46. The issuance of licenses for exportation of cotton was discontinued in July 1946.

The entire series of stock estimates for Argentina has been revised since the report of December 10, 1945, to include stocks of unginned cotton on hand July 31.

Stocks in Peru followed an upward trend during the war years as in most other producing countries, reaching the highest level on record in 1945, when on July 31 they were estimated at 410,000 bales. A sharp reduction to about 238,000 bales a year later is attributed to a record export movement of 440,000 bales in 1945-46. The 1946 figure is somewhat higher than the pre-war average, but practically all of the cotton on hand at that time was sold and awaiting shipment or in possession of local mills.

Stocks of cotton in Mexico accumulated during the war years to a peak of 382,000 bales on July 31, 1945, (crop year begins on July 1 so the figure includes nearly 100,000 bales from the new crop), but was reduced by 56.5 percent a year later. The sharp reduction is attributed to the record export movement of 263,000 bales in 1945-46, mostly to China, that began immediately after the end of the war in the Pacific.

Stocks on hand at the beginning of the 1946-47 season (July 1) were less than 100,000 bales and caused the Government to place restrictions on the further issuance of licenses for export. (See World Cotton Trade Summary in Foreign Crops and Markets for October 14, 1946).

Deficit Countries

Stocks in the United Kingdom, reported officially at 1,947,000 bales on July 31, 1946, were probably the largest since World War I and were equal to about 15 months' requirements at the current rate of consumption. In addition, stocks owned by the British Government in foreign countries, excluding cotton in transit or at ports awaiting shipment, were estimated on June 30, 1946, at 450,000 bales, mostly in Brazil. The stocks remaining in Brazil were purchased prior to November 1944.

Despite wartime shipping difficulties, stocks were increased steadily during the war years when mill consumption was restricted to little more than half of the prewar level and the Government was the sole purchasing agent for cotton.

In France, stocks were built up rapidly after the end of hostilities. The estimate of 922,000 bales on hand July 31, 1946, represents about 11 months' requirements at the level anticipated for 1946-47. Stocks in Italy at the end of July 1946, estimated at nearly 400,000 bales were equal to about 6 months' requirements. Switzerland's 127,000 bales were about equal to 1946-47 requirements. Stocks in Germany have not been reported, but

consumption estimates and incomplete import data indicate that stocks on hand in all zones on July 31, 1946, probably totaled around 100,000 bales, compared with less than 5,000 a year earlier. Stocks in Belgium were sufficient for only 4 months, those in the Netherlands for less than 3 months.

Stocks in Spain estimated on July 31, 1946, at 59,000 bales were equal to only 2 months' requirements and those in Sweden are believed to be sufficient for about 8 months at a consumption rate of about 12,000 or 13,000 bales monthly. Most of the 38,000 bales in Poland at the end of July 1946 were Russian cotton and represented slightly less than 2 months' requirements at the current rate of mill consumption.

No cotton arrived in Japan after the end of the war until May 1946. About 180,000 bales of the 215,000 that arrived before July 31, mostly in June and July, were still on hand at the end of July. Stocks of cotton did not approach a point of complete exhaustion until early in 1946. Yarn production statistics for the war years indicate that cotton consumption reached its lowest level in 1945 when about 225,000 bales were consumed. Stocks remaining in January 1946 were placed at 20,000 to 25,000 bales.

Stocks in the Soviet Union, included in "other surplus countries," are not reported but are believed to have increased during the latter war years. Both production and consumption declined during the early war years. Production appears to have recovered more rapidly since 1943 than did consumption as evidenced by the fact that stocks were sufficiently high when the war ended to permit the exportation of approximately 250,000 bales to central and eastern Europe in 1945-46.

With export commitments for 1946-47 totaling at least 200,000 bales and possibly 400,000, it is evident that stocks at the end of July 1946 may have amounted to around 600,000 bales. Nearly half the cotton exported from the Soviet Union in 1945-46 will be returned as finished goods in payment for the raw materials.

In China, cotton stocks rose to an estimated 1,000,000 bales including 800,000 of foreign-grown cotton on July 31, 1946, as a result of heavy imports in 1945-46. The scarcity of Chinese cotton in local mill centers at that time was attributed largely to internal transportation difficulties indicating that some supplies may have been available at that time in producing areas and primary collection centers. Stocks were unusually large in 1939 following a year of record imports but are believed to have been very small at the beginning of each crop year during 1941 to 1945 with imports cut off and production averaging only about half the prewar level.

Stocks in Canada estimated at 85,000 bales on July 31, 1946, were slightly higher than a year ago but were sufficient for little more than 2 months' requirements at the anticipated rate for 1946-47.

This is one of a series of regularly scheduled reports on world agricultural prospects approved by the Office of Foreign Agricultural Relations Committee on Foreign Crops and Livestock Statistics. For this report the Committee was composed of Joseph A. Becker, Chairman, C.M. Purves, A.W. Palmer, P.K. Norris, C.H. Barber, A.B. Lewis, and J. A. Hopkins.

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